

# **Residential Energy Retrofit Program – Single-Family Homes Stream FCM Program Design**

## **A. Summary Home Energy Loan Program**

The Home Energy Loan Program (HELP) provides financing to support energy and water efficiency retrofits in Toronto's single-family homes sector. HELP is designed to address key barriers to deep energy efficiency retrofits such as high upfront costs, long simple payback periods and concerns around the long-term nature of these investments given the ownership horizon of these properties.

HELP uses the Local Improvement Charge (LIC) mechanism to levy a charge for the cost of the energy retrofit on participating properties with repayment facilitated through a special charge on the property tax bill. Using the LIC mechanism, the City is able to secure repayment with a priority lien on the property, which significantly minimizes the risk to the City.

## **B. Federation of Canadian Municipalities Community Energy Fund**

The Federation of Canadian Municipalities (FCM) received \$950 million from the Government of Canada to create three new programs focused on increasing energy efficiency in residential, commercial, and multi-unit buildings. \$300M has been allocated to a Community Energy Fund (CEF), which aims to accelerate energy efficiency financing to help Canadian homeowners make their homes more affordable and energy efficient. Staff have been advising on the design of the program since late 2019, and the City of Toronto was invited to apply.

Toronto was awarded a zero-interest loan of up to \$9,712,000, repayable over 20-year amortization, and a grant of up to \$4,856,000.

Reducing GHG emissions from existing buildings, specifically single-family residential housing, represents an important step towards achieving Toronto's climate action reduction targets. Improving Toronto's housing stock can provide equitable outcomes such as supporting job creation, increasing economic activity, and improving housing affordability, especially in light of the impacts of COVID-19. This financing request represents an opportunity to build upon the work and investments made in developing HELP to date.

## **C. Proposed FCM Grant-Funded HELP Enhancements**

Through the City's FCM Application, program elements were developed to address barriers to HELP uptake and challenges in program processes and design. Enhancements were informed by TransformTO and the Net Zero Existing Buildings Strategy and were designed to align with existing City programs while supporting the broader retrofit sector in general. Enhancements centred around three key objectives:

- Support for deeper retrofits
- Enhanced equity
- Improved partnerships and impact systems

## **1. Staffing**

Grant funding provided by FCM will also be used to fund additional temporary positions to enable greater program participation, as well as support complementary programming and policy development.

### *Senior Energy Consultant – 'Energy Coach/Concierge'*

The Senior Energy Consultant, whose primary role through the program will be to act an 'Energy Coach' or 'Concierge'. The Senior Energy Consultant will provide guidance and technical assistance to support property owners in reducing emissions at the project level – focused on single family housing and to a lesser extent low-rise residential housing. The intent is to provide bookable, time-limited sessions with program participants to help inform their retrofit planning process to maximize opportunities for decarbonization. This service will be piloted with the FCM funding support and is intended to meet a need identified the operation of HELP to date, advice from the proposed existing building strategy and efforts in other jurisdictions.

The Sr. Energy Consultant will also support continuous process improvement of existing programs and will contribute technical expertise to demonstration projects, develop case studies and review submitted documents to determine program compliance.

### *Project Lead Environment*

This second grant funded position will support the advancement of home energy reporting and disclosure (HERD) as well as policy and programming focused on decarbonisation in the single-family residential sector.

## **2. Home Energy Rating & Disclosure (HERD)**

As highlighted in the Net Zero Existing Buildings Strategy, Home Energy Rating and Disclosure (HERD) has been identified as a critical component to achieving GHG targets and market transformation. HERD programs are intended to reveal a home's "hidden" energy efficiency performance, leading to a more informed market that rewards better-performing homes. Research has found compelling evidence that well-designed HERD programs can transform markets by helping homeowners identify opportunities and realize the full value of energy efficiency improvements. In addition, HERD programs offer a range of other benefits such as enforcing building codes, supporting better design and evaluation of energy efficiency programs, building an energy efficiency economy, and measuring energy, GHG and costs savings.

In advancing HERD efforts, the intent would be to use the nationally recognized and federally supported EnerGuide Rating System, designed and maintained by Natural Resources Canada. This nationally recognized tool helps homeowners better operate their homes, identify energy-efficient, cost-effective improvements, and compare the performance of one home to another when purchasing a home. EnerGuide has a cross Canada network of NRCAN Licensed Service Organizations and Registered Energy Advisors who perform home energy assessments, modelling and quality assurance.

The City included in its application to FCM, a commitment to advancing HERD in Toronto. HELP will provide homeowners with a financial mechanism to act on the guidance provided through an EnerGuide assessment to improve their homes.

### **3. Workforce Development & Capacity Building Opportunities**

The City will support key partners in developing workforce development programs and a deep retrofit accreditation for contractors. Training, education and resources for homeowners, contractors and other stakeholders are essential to build capacity and drive uptake in retrofitting.

To meet aggressive goals as outlined in the Net Zero Existing Buildings Strategy, every single-family home in Toronto must be retrofitted. Significant efforts are required to address skill and knowledge gaps to advance toward net zero from both a consumer and industry perspective. While supporting low-carbon skills and education development to increase the scale/pace of net zero aligned retrofits, it is paramount that Toronto support opportunities for youth, newcomers and the under/unemployed in accessing employment linked to low carbon buildings.

While the City designed most FCM-funded program amendments and offerings to drive the uptake in HELP applications and projects, workforce development & training support broader City residential retrofit goals, such as

- improving market awareness
- improving equitable access to green jobs
- accelerating market transformation of decarbonization, energy retrofits and renovations

Toronto will host at least one cohort of the Canadian Home Builders Association Net Zero Renovator Training. Renovators who complete this program earn the CHBA Qualified Net Zero Renovator designation. Up to 100 renovators can participate in this cohort.

Toronto will continue to offer webinars and training opportunities for homeowners and not-for-profit community animators across Toronto to support capacity building.

### **4. Rebates**

Using grant funds provided by FCM, a limited number of incentives will be available to encourage a program participant to invest in deeper retrofitting. Any rebates provided by the City will be stackable with those available through local utilities and the Federal government's Greener Home incentive program.

The City is developing a multi-stream rebate program to encourage deeper retrofits. These rebates will be accessible to HELP clients a tiered incentive program that encourages deep decarbonization as well as broader installation of heat pumps in Toronto homes. Rebates to support net zero and passive homes, as well as supports for electrically heated homes.

### **5. Community-Led Retrofit Projects**

City staff have engaged resident-led organizations looking to develop their own neighbourhood net zero projects and see an opportunity for them to advise us on the next evolution of HELP, as well as provide support for any Toronto community planning on adopting projects. These established groups are interested in applying for deep retrofit incentives, with a small number of potential applicants willing to pursue significant projects that will develop key learnings that can be shared widely through a published toolkit.

## **6. Health and Safety Measures**

To support more holistic home renovations, we propose to include specific health and safety measures under the categories of eligible upgrades. These changes will improve affordability for energy retrofits by broadening the benefits for modest-income homeowners and support aging in place.

## **7. Prescriptive Program**

The City plans to develop a prescriptive stream of HELP to support fixed and modest-income homeowners. This HELP stream would be sustainable, affordable to participants, people-centric, not energy-centric and protect the City of Toronto. It will target homeowners who do not qualify of income-qualified programs but tend to do only emergency repairs or replacements.

This program will focus on the basics, EnerGuide home energy evaluation, air sealing, Insulation, air exchanges, heat pumps, plus an envelope of funds for health & safety repairs. The program will be co-developed by experts in affordable energy retrofits, energy poverty and health and safety modifications.

## **8. Customer Relationship Management Application**

Current systems to manage applicants are unsustainable. A Customer Relationship Management (CRM) system, developed by Technology Services Division, will streamline all areas of customer interactions, and allow for improved data analytics and reporting.

## **9. Improved Marketing & Advertising**

Through efforts operating HELP to date, staff have identified a need for greater homeowner education, engagement, and broader program marketing. Staff also wish to support more diverse participation in the HELP and efforts to support equity-seeking populations.

Efforts will also be concentrated on further marketing the program and complementary supports, including NRCan's Canada Greener Homes Grants and income-qualified programs. Relaunching HELP with a campaign that highlights new features including a proposed Net Zero Challenge should enable application uptake. Examples of proposed marketing efforts including targeted mail-outs and social media promotions, program webinars, and stakeholder engagement efforts with renovators and contractors.

## **10. BetterHomesTO**

In November 2019, the Environment & Energy Division launched BetterHomesTO, a one-stop resource to help Toronto homeowners better access information on City and partner programs and provide guidance and support in understanding the options for improving the energy efficiency of Toronto's homes. The BetterHomesTO brand focuses on the benefits of energy retrofitting and the importance of the EnerGuide home evaluation.

Through the BetterHomesTO initiative, staff have leveraged federal funding and various partnerships to develop information, resources, and support to help homeowners access information and resources to inform their energy retrofitting and decarbonization efforts. These efforts have included developing multi-lingual digital/print resources, a retrofit webinar series, a series of animated videos and the overall BetterHomesTO website. This proposed

work, staff plan to additional resources and supports, including case studies, retrofit roadmaps, and additional virtual and in-person engagement and education opportunities.

### **11. Improved Inter-Governmental Collaboration**

Over the last year, HELP staff have advised more than 43 municipalities and organizations across Canada on LIC program design and delivery. The intent is to continue to support this learning, working in partnership with municipalities and organizations like Clean Air Partnership (CAP), Canadian Home Builders Association and Canadian Urban Sustainability Practitioners (CUSP) to develop consistent messaging on residential energy efficiency and support the adoption of EnerGuide home evaluations. This role will also inform broader policy and program design to develop a more inclusive program to reach more homeowners.